



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 19, 2007

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 4400

Duane Crutchfield
Ash Grove Cement Company
P.O. Box 51
Nephi, Utah 84648

Subject: Five-Year Review of Reclamation Surety Estimate, Ash Grove Cement Company, Leamington Mine, M0230004, Task ID# 436, Juab County, Utah

Dear Mr. Crutchfield:

On February 24, 2006 the Division notified you that the reclamation bond for the Leamington Mine was due for escalation. Ash Grove replied to our notification that you were working with Earth Fax in amending the approved plan. To date no further correspondence has been received from you. Because it is necessary for the Division to keep our reclamation bonds current, we have escalated the existing bond utilizing information that we presently have on file. Once the amendment to your present plan is received, we will review it as a separate action to the bond escalation.

The surety escalated to the year 2012 is \$4,526,300. A Surety Estimate Update is attached for your use. The surety aspect of this escalation process is now under review, which requires you to contact Ms. Beth Ericksen, Division Minerals Surety Coordinator. She will provide you with information regarding the issuance of a letter of credit amendment for the increased amount of \$154,243.00 and identify any deficiencies with the surety. In addition, she will work with you regarding the required updates to the reclamation contract. She can be reached at (801) 538-5318 or bethericksen@utah.gov.

Please provide the escalated surety amount within 60 days or no later than March 20, 2007.

Once this escalated bond amount is received and approved by the Division, an addendum to the Reclamation Contract will be prepared incorporating the new escalation year and bond amount and any other required revisions. This addendum will require a signature from an authorized officer of Ash Grove Cement Company.

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Duane Crutchfield
M0230004
January 19, 2007

If you are unable to provide the surety within this timeframe, contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. White".

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:jb

Attachment: Surety estimate update

cc: Doug Jensen, DOGM

Beth Ericksen, DOGM

P:\GROUPS\MINERALS\WP\M023-Juab\M0230004-Leamington\final\01162007bond-escal.doc

SURETY ESTIMATE UPDATE

Ash Grove Cement Company

Date

16-Jan-07

Leamington Mine

FILE # M/023/004

Juab County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

9/10/2001

DESCRIPTION:

- Previous reclamation surety estimate was \$4,342,500,000 in year 2006 dollars
- Reclamation Estimate base amount calculated in 2001-\$
- This update adjusts the surety amount for escalation only.

- Escalation factors through 2006 are actual Means Historical Cost Indices
- Total disturbed area = 669 ACRES

CALCULATIONS F = P(1 + i)**n	YR	ESCAL FACTOR	BOND AMOUNT
F = Future Sum	1996	0.0242	\$0
P = Present Sum	1997	0.0236	\$0
i = Escalation Factor	1998	0.0502	\$0
n = number of periods	1999	0.0191	\$0
	2000	0.0244	\$0
Three Yr Average =1.60%	2001	0.0421	\$3,722,331
Used to Project 5 Yrs	2002	0.0202	\$3,797,522
From the Year 2006	2003	0.0171	\$3,862,460
	2004	0.0084	\$3,894,904
	2005	0.0399	\$4,050,311
	2006	0.0160	\$4,115,116
	2007	0.0160	\$4,180,958
	2008	0.0160	\$4,247,853
	2009	0.0160	\$4,315,819
	2010	0.0160	\$4,384,872
	2011	0.0160	\$4,455,030
	2012	0.0160	\$4,526,310
Updated Surety Amount Rounded (2012-\$)			\$4,526,300
** Average cost per acre =			6766 (\$/ACRE)